

Dear Senator Schatz:

Thank you for your letter on August 15, 2016 and the opportunity to clarify progress under the Red Hill Administrative Order on Consent (AOC) and Statement of Work (SOW).

Much progress has been made working with the Navy and Defense Logistics Agency (DLA) to develop detailed plans for work that will be conducted over the next 1-3 years. This work will support the development of alternatives for improving the tank infrastructure and facility operations, and it will support an assessment of existing and potential environmental contamination from the facility. The SOW includes an overall project management section followed by seven sections of specific deliverables. To date we have completed the initial scoping phase for all but one section. Of the seven work plans required for the initial phases of work, four are currently under review by the Regulatory Agencies, two more are due by October and the last is expected toward the end of the year. Several other required tasks have also been completed. Enclosed is a more detailed summary of the progress to date and next steps under the SOW.

You also asked us to identify any impediments preventing further progress. At this point, we are not experiencing impediments that prevent our progress. However, we recognize that progress has been slower than expected by many stakeholders. To a large extent, the pace of work is governed by the significant complexities associated with addressing this unique fuel storage facility. Many technical experts have been brought together to examine the engineering and other technical challenges faced at Red Hill. The Regulatory Agencies, for example, have contracted with technical experts who have been leaders in setting industry standards for large fuel storage facilities. We have also devoted considerable effort to engage key stakeholders, including experts from the Honolulu Board of Water Supply, U.S. Geologic Survey, and the Hawaii Department of Land and Natural Resources. Several days of in-person meetings with these stakeholders ~~was~~ were held in December 2015 and in May 2016XX, and other meeting are being planned. We have received over 70XX pages of technical comments from the Board of Water Supply to date. Contracting constraints, turnover of key personnel, and concerns associated with the sharing of information with the public are additional factors influencing the pace of work by the Navy/DLA, and we are working to address these issues.

Given the enormous size and complexity of the facility, a substantial effort by all parties must be sustained for many years, with the work over the next two years setting future direction for many improvement at the facility. Your continued interest and support are important to our success. We would be happy to meet with you or your staff to answer any questions or elaborate on the progress summarized in this letter.

Progress and Next Steps Address – Red Hill Bulk Fuel Storage Facility Statement of Work

Section 1, Overall Project Management: The project management tasks under this section are on track.

Section 2, Tank Inspection, Repair and Maintenance: The scoping phase was completed in June and the next deliverable is a Procedures Report, due October 11, 2016. This document will be used to make a decision on improvements to the current inspection, repair and maintenance procedures.

Section 3, Tank Upgrade Alternatives: The scoping phase was completed in June and a Scope of Work for completing an upgrade alternatives analysis is due September 8, 2016. Once approved, the analysis will take a year and will result in a decision on upgrades for the tanks.

Section 4, Release Detection and Tank Tightness Testing: The Navy/DLA completed the first three tasks under this section, and pending approval of the Current Fuel Release Monitoring Systems Report, scoping will soon begin on new release detection alternatives.

Section 5, Corrosion and Metal Fatigue: The Navy/DLA completed the first two tasks under this section, which describe procedures to address corrosion and metal fatigue. Scoping a plan for destructive testing of the tanks will begin ~~next~~ in October 2016.

Section 6, Investigation and Remediation of Releases: The scoping phase was completed in February and a scope of work for environmental investigations is under review by the Regulatory Agencies

Section 7, Groundwater Protection and Evaluation: Three separate scoping phases were completed in February and scopes of work for groundwater modeling, contaminant fate and transport modeling and an expanded groundwater monitoring network are under review by the Regulatory Agencies. Early approval was provided for the location of four new groundwater monitoring wells and installation of these wells is underway.

Section 8, Risk and Vulnerability Assessment: The scoping phase for this section is ongoing and includes discussion of a 400 page draft scope of work for conducting a risk and vulnerability assessment of the facility. We expect to complete the scoping phase soon with a final scope of work due by the end of the year.